

TRANSCRIPT OF MEETING
of
STATE LANDS COMMISSION

SACRAMENTO, CALIFORNIA -- SEPTEMBER 2, 1958, 10:00 A.M.

PRESENT:

THE COMMISSION:

Messrs. T. H. Mugford, Director of Finance, Chairman
Harold J. Powers, Lieutenant Governor
Robert C. Kirkwood, Controller

STATE LANDS DIVISION:

Messrs. F. J. Hortig, Executive Officer
Fred W. Kreft, Assistant Executive Officer
Kenneth C. Smith, Supervising Land Title
Examiner
Mrs. Julia T. Stahl, Secretary

ATTORNEY GENERAL'S OFFICE:

Mr. Howard Goldin

The following participated in the meeting (in order of
their appearance):

Mr. Paul K. Home, Standard Oil Company
of California

Mr. Kenneth Cook, Richfield Oil Corporation

Mr. Raymond R. Kahl, Trail Ends Development
Co. of Niland, California

Reporter:
Louise H. Lillico
Division of Administrative Procedure

I N D E X (ALPHABETICAL)			
ITEM (NAME)	ITEM NO.	PG. OF CALENDAR	PG. OF TRANSCRIPT
APPROVAL OF MINUTES			1
HANSEN, HOMER A.	22	36	18
HAYWARD, CITY OF.	8 and 14	17-18	7
KAHL, RAYMOND R.	12	20	19
<u>LAND SALES:</u>			
Auburn Lumber	9	9/14	4
Fortier, Frank	20	34	5
Mattis, Louis	5	8/13	4
Rumbo, George W.	10	9/15	4
Shomate, Wanda J.	2	8/10	4
Stowell, Frederick R.	3	8/11	4
Smith, James T. and Frank Binando	4	8/12	4
LONG BEACH, CITY OF Subsidence-Town Lot	13	21	9
MONTEREY OIL CO.	15	3	3
MONTEREY OIL CO., HUMBLE AND SEABOARD	16	5	3
MONTEREY OIL CO. & HUMBLE	17	6	3
OAKLAND, CITY OF	11	19	9
OIL & GAS LEASE - PARCEL B SANTA BARBARA (WO 2718)	19	1	1
SEISMOGRAPH SERVICE CORP.	18	16	6
SIGNAL OIL & GAS & HANCOCK	7	2	2
STANDARD OIL CO. OF CALIF. AND HUMBLE	21	35	11
STANISLAUS COUNTY ROAD COMM.	6	7	4
TRANSACTIONS EXEC. OFFICER (SEE LIST FOLLOWING PAGE)	1	23-33	10

I N D E X (Continued)

TRANSACTIONS OF EXECUTIVE OFFICER (ITEM 1, PAGE 10 OF TRANSCRIPT)

	<u>PAGE OF CALENDAR</u>
Bay Cities Bldg. Material Co. Inc.	30
California Electric Power Co.	27
Delta Yacht Club	32
Glatt, Dale and Mary	25
Monterey Oil Company	24
O'Hornett, Patrick J.	28-29
Orange County Flood Control District	32
Pacific Gas & Electric Co.	25
Pacific Telephone & Telegraph Co.	27-30
Sacramento County Sanitation Distr. #2	24
San Leandro, City of	31
Squire, Grant W.	31
Stanislaus County	23-33
Tubbs Island Reclam. District 2061	26
Western Offshore Drilling & Expl. Co.	23
Whitmore, Welles, III	26

I N D E X
(BY ITEM NUMBERS)

	<u>ITEM NUMBER</u>	<u>PAGE OF CALENDAR</u>	<u>PAGE OF TRANSCRIPT</u>
1			
2			
3			
4	1	23-33	10
5	2	8 and 10	4
6	3	8 and 11	4
7	4	8 and 12	4
8	5	8 and 13	4
9	6	7	4
10	7	2	2
11	8	17	7
12	9	9 and 14	4
13	10	9 and 15	4
14	11	19	9
15	12	20	19
16	13	21	9
17	14	18	7
18	15	3	3
19	16	5	3
20	17	6	3
21	18	16	6
22	19	1	1
23	20	34	5
24	21	35	11
25	22	36	18
26			

1 MR. MUGFORD: The meeting will come to order. Do
2 you have the agenda, Mr. Hortig?

3 MR. HORTIG: Yes sir. Do you need another copy?

4 MR. MUGFORD: Any errors, any omissions, in the
5 minutes of the meeting July 25th?

6 MR. KIRKWOOD: No. Move the approval.

7 MR. POWERS: I'll second.

8 MR. MUGFORD: The minutes are approved. Do you
9 want to consider the next meeting now?

10 MR. HORTIG: I suggest that be deferred dependent
11 on convenient times as will be reflected in a later report.

12 MR. MUGFORD: Well. Then, do you want to
13 proceed? Calendar Item 19, is that the next one?

14 MR. HORTIG: Yes sir. Page 1 of the calendar.
15 On July 25, 1958 the Commission postponed consideration
16 of Parcel "B" of a series of proposed oil and gas leases
17 in Santa Barbara County and directed the staff to arrange
18 for re-evaluation of the bid with the bidders and the
19 consultants, and report on this at the next meeting of the
20 Commission, which is today. A meeting with both the State
21 consultants and the bidders has been scheduled tentatively
22 for early this month. Therefore, it is requested that the
23 Commission again postpone approval on Parcel "B" of the
24 proposed oil and gas leases in Santa Barbara County until
25 the next meeting of the Commission.

26 MR. KIRKWOOD: I'll move.

1 MR. POWERS: Second it.

2 MR. MUGFORD: Unanimously adopted.

3 MR. HORTIG: Page 2 -- Agreement for Easement 392
4 was issued to Southwest Exploration Company on September 26,
5 1938, which was actually the first lease issued by the
6 State Lands Commission pursuant to competitive public
7 bidding. This lease has actually extended over the
8 twenty years. As it was issued, it was subject, after the
9 twenty years, to extension at the option of the lessee. The
10 lessee has exercised that option for its extended term.
11 However, the Public Resources Code, in Section 6827, now
12 provides that the Commission may issue a new lease for a
13 lease issued for a term of twenty years or extension
14 thereof; that such new lease be issued on the same royalty
15 and same terms and conditions as the terms in the lease
16 for which it is exchanged, except that the term of such
17 exchange lease is five years and for so long thereafter
18 as oil and gas is produced in paying quantities or lessee
19 shall be conducting producing, drilling, deepening, repair-
20 ing, redrilling or other necessary lease or well maintenance
21 operations on the leased land. The joint lessees have
22 asked for a new lease in order they may have the new
23 advantages existing in the Public Resources Code.

24 MR. POWERS: I'll move.

25 MR. KIRKWOOD: Second.

26 MR. MUGFORD: Unanimously approved.

3
1 MR. HORTIG: Page 3: In summary, the Commission
2 has heretofore previously, (in 1954) approved, or given a
3 statement of nonobjection to the hypothecation of oil and
4 gas leases held by Monterey Oil Company as security for
5 certain loans which they have received from various banks.
6 It is now desired to extend the term of those loans and
7 restatement of nonobjection by the Commission has been
8 requested. It is recommended that such nonobjection be
9 granted.

10 MR. KIRKWOOD: I'll move that.

11 MR. POWERS: O. K.

12 MR. MUGFORD: Adopted.

13 MR. HORTIG: Page 5: As the two members of the
14 Commission will recall, and for the information of our
15 Chairman, on August 16, 1955 the State Lands Commission
16 awarded the first lease on cash bonus bids to Monterey,
17 Seaboard and Humble Oil and Refining Company on two parcels
18 at Huntington Beach. The cash bonus exceeded a total of
19 some \$4,600,000. Millions of additional dollars have been
20 expended in an attempt to develop production in the areas.
21 None of the areas have been demonstrated productive and
22 the lessees on P.R.C. 1549 and 1550 (as reflected on page
23 5 and the page following) have submitted quitclaims in
24 accordance with the lease terms; and it is recommended
25 that the Commission accept these quitclaims and terminate
26 the lease as of August 1, 1958 in accordance with the

1 terms of the lease.

2 MR. KIRKWOOD: Move the recommendation.

3 MR. POWERS: O. K.

4 MR. MUGFORD: The recommendations are approved
5 in respect to both of these.

6 MR. HORTIG: Page 7: Routine application has been
7 received from Stanislaus County Road Commissioner for
8 permission to use material excavated from the channel of
9 the San Joaquin River on bridge approaches and for roads,
10 which may be authorized by the Commission at no royalty
11 pursuant to the provisions of the Public Resources Code.
12 It is recommended that the permit be authorized, limited
13 to a maximum of 40,000 cubic yards, without payment of
14 royalty, as authorized by Section 6303 of the Public
15 Resources Code.

16 MR. POWERS: In other words, you give them this ...

17 MR. HORTIG: That's right, but we have it on record
18 and know where the removal is and that it is for a county
19 purpose.

20 MR. POWERS: I'll move.

21 MR. MUGFORD: No objection?

22 MR. KIRKWOOD: No.

23 MR. MUGFORD: Recommendation is approved.

24 MR. SMITH: Page 8: Sales of vacant land. I
25 shall read the recommendation. It is recommended that the
26 Commission authorize the sale of vacant school land for

1 cash at the highest offer, in accordance with the following
2 tabulations, such sales to be subject to all statutory
3 reservations including minerals. And there follows a
4 tabulation of six sales, all of which are noncontroversial.

5 MR. POWERS: Six separate sales?

6 MR. KIRKWOOD: Is that second growth on the
7 Humboldt County?

8 MR. SMITH: That was one parcel partially burned
9 over in 1955 and there was action by the Commission, I
10 believe, in May with reference to acceptance of the title
11 from the United States.

12 MR. POWERS: These are all sales that you appraised,
13 at the price you appraised it, is that right?

14 MR. SMITH: That's right.

15 MR. HORTIG: Or higher.

16 MR. POWERS: But none of them under the appraised
17 value?

18 MR. HORTIG: No sir.

19 MR. KIRKWOOD: M-m-mhm.

20 MR. MUGFORD: Agreeable -- all members have no
21 objections and the recommendations are approved.

22 MR. HORTIG: Page 34, please, which is another land
23 sale which was added in the supplement.

24 MR. POWERS: 34? MR. HORTIG: Yes sir.

25 MR. SMITH: This is the sale of school land in San
26 Luis Obispo County containing 48.41 acres. It is recommended

1 that the Commission find that 48.41 acres in San Luis
2 Obispo County are not suitable for cultivation without
3 artificial irrigation and authorize the sale of such
4 land to the single applicant, Frank Fortier, at a price
5 of \$1,000, subject to all statutory reservations.

6 MR. POWERS: I guess that's all right.

7 MR. MUGFORD: Agreeable to you?

8 MR. KIRKWOOD: That's all right.

9 MR. HORTIG: Except for the time of receipt of
10 the bids it would have been included in the group which
11 you gentlemen have already approved.

12 MR. MUGFORD: All right. Recommendation is approved.

13 MR. HORTIG: Page 16: An Application has been
14 received from Seismograph Service Corporation for a permit
15 to authorize the conduct of certain calibration and control
16 type operations in connection with geophysical operations
17 for lessees of the State tide and submerged lands. The
18 Fish and Game Commission have granted a six-month permit
19 authorizing the charge of explosives for this purpose and
20 it is recommended that the Commission authorize the permit
21 to Seismograph Service Corporation for the conduct of
22 velocity surveys on those tide and submerged lands in
23 Santa Barbara and Ventury County for a six-month period,
24 commencing September 2, 1958; that the permit be effective
25 only as long as the permit of the Fish and Game Commission
26 is in effect for the same area. The Counties of Santa

1 Barbara and Ventura have been informed that this applica-
2 tion would be submitted and have not submitted any objec-
3 tion to its approval.

4 MR. KIRKWOOD: Move the approval.

5 MR. POWERS: Yes.

6 MR. MUGFORD: Recommendation is approved.

7 MR. HORTIG: Pursuant to 1957 statutes, when
8 uninhabited tide and submerged lands are proposed to be
9 annexed by a municipality, the State Lands Commission
10 shall determine and fix the value of the tide and sub-
11 merged lands proposed to be annexed. Pursuant to this
12 requirement, the City of Hayward has made request, as
13 reflected on pages 17 and 18, for a determination of the
14 value, from the State Lands Commission, for two parcels
15 of tide and submerged lands proposed to be annexed; and
16 review of the location and potential utilization of these
17 lands has not disclosed any grounds for recommending
18 objection by the State Lands Commission to the annexation.
19 Therefore, it is recommended that the Commission authorize
20 the Executive Officer to notify the City Council of the
21 City of Hayward that the present value of tide and submerged
22 lands proposed to be annexed under the respective resolutions
23 cited has been fixed at \$49,400 and \$29,400 respectively,
24 pursuant to the provisions for such determination as speci-
25 fied in Section 35313.1 of the Government Code.

26 MR. MUGFORD: What is the effect of establishing

1 these values?

2 MR. HORTIG: The requirement is that if there be
3 objections by the owners of more than fifty percent of
4 the value, the annexation cannot proceed, so the valuation
5 of tide and submerged lands and any other lands within
6 the annexed area have to be established. In this instance,
7 since the lands are totally tidelands, the Lands Commission
8 would have more than fifty percent control. Actually, we
9 have no valid basis for recommending any objection to the
10 annexation.

11 MR. MUGFORD: What about the mineral rights to
12 these lands?

13 MR. HORTIG: They are not affected. Title is not
14 transferred and title remains with the State Lands Com-
15 mission in this case. They would ultimately just be
16 within the city limits of Hayward rather than just the
17 County of Alameda.

18 MR. KIRKWOOD: Where does it reach down there -- to
19 the middle of the bridge?

20 MR. HORTIG: As a matter of fact, with this annexa-
21 tion it will reach down to the San Mateo Bay Bridge, out
22 into the water. It does not quite reach down to the bridge
23 in the uplands, but they have extended southerly a consider-
24 able distance.

25 MR. KIRKWOOD: This is not reaching up or down?

26 MR. HORTIG: It does not extend to any reasonable

9
1 extent more along the shore than they already occupy on
2 the upland.

3 MR. KIRKWOOD:: O. K.

4 MR. MUGFORD: No objection?

5 MR. POWERS: No, that's all right.

6 MR. HORTIG: Page 19: Under the Statutes of 1957
7 there were granted to the City of Oakland an area of tide
8 and submerged lands in San Francisco Bay as an addition
9 to grant previously made in 1955. Both granted areas
10 were required to be surveyed by the State Lands Commission
11 at the cost of the grantees. These surveys have been com-
12 pleted and have been shown on a map which it is now recom-
13 mended be authorized, approved and recorded -- a plat
14 entitled "Map of the Grant to City of Oakland, Vicinity
15 of Oakland, Alameda County, June 1958".

16 MR. KIRKWOOD: Move the approval.

17 MR. POWERS: O.K.

18 MR. MUGFORD: Recommendation approved.

19 MR. HORTIG: Page 21, gentlemen. The Commission has
20 previously approved on a fiscal year basis a project by the
21 City of Long Beach including subsidence remedial work design-
22 nated as the "Town Lot Project"

23 MR. KIRKWOOD: You are skipping Mr. Kahl?

24 MR. HORTIG: At the moment, yes sir. Subsequent
25 to the above mentioned approval, additional unforeseen
26 expenditures now on the horizon will be incurred by the

1 Harbor Department resulting from increased costs of pur-
2 chase of previously approved plats of ground and from
3 raising of oil wells to the top of new earth fills to pro-
4 vide fills of adjacent streets and railroads, etcetera.
5 It is, therefore, recommended that the Commission condi-
6 tionally approve the Town Lot area project, supplemented
7 by the items on page 22 of the calendar, as additional
8 authorized expenditures.

9 MR. KIRKWOOD: This is consistent

10 MR. HORTIG: This is consistent with prior procedure
11 of the Commission with respect to such projects.

12 MR. KIRKWOOD: Move it.

13 MR. POWERS: That's O. K.

14 MR. MUGFORD: Recommendation is approved.

15 MR. KIRKWOOD: Is that all we have on Long Beach
16 this time?

17 MR. HORTIG: Yes sir. Pages 23 to 33 represent the
18 tabulation of transactions previously consummated by the
19 Executive Officer under delegation of authority and it is
20 recommended that the Commission affirm these actions as
21 reported.

22 MR. KIRKWOOD: That's O. K. with me.

23 MR. POWERS: I move the actions be affirmed.

24 MR. MUGFORD: The actions are affirmed, ratified,
25 whatever is the correct term ...

26 MR. POWERS: I move that we affirm the actions of the
Executive Officer as reported.

1 MR. KIRKWOOD: Second.

2 MR. MUGFORD: Motion is adopted.

3 MR. HORTIG: Page 35: In the recent issuance of
4 four leases in Santa Barbara County easterly of Point
5 Conception, the Commission awarded a lease to Standard Oil
6 Company of California and Humble Oil & Refining Company
7 as highest bidders for a specific parcel which has now
8 been designated P.R.C. 2199. The Standard Oil Company,
9 as operator, have submitted an application for approval
10 of initial test well to be drilled from a mobile type
11 drill barge located on the leased area, to be located
12 3800 feet seaward of the high water mark, with the provision
13 that after testing operations it will either be plugged
14 and abandoned or suspended or completed as a producing
15 well on the ocean floor without placement of any projecting
16 structure above the ocean surface.

17 This matter is brought before the Commission for
18 full authorization because, whereas the application and
19 operations proposed to be conducted are in full accord with
20 the terms of the lease and the rules and regulations of the
21 State Lands Commission, this is a perhaps unique combina-
22 tion of all those terms and conditions and is a precedent
23 and the first time it will be attempted.

24 The lease provides that any final fixed platforms
25 shall be located a mile seaward of the ordinary high water
26 mark. The operation is proposed to be conducted from a

1 temporary type drilling barge less than a mile seaward,
2 which will be ultimately removed on completion or termina-
3 tion of the well, and it was intended by this item to
4 inform the Commission and anyone else having an interest
5 in this operation just what the action is that is contem-
6 plated. There are no deviations contemplated nor will they
7 be permitted under the terms of the lease, but inasmuch as
8 it is a precedent and the first time this type of operation
9 will be attempted, the matter is brought before the Com-
10 mission in order that there be a resolution approving this
11 type of program.

12 MR. MUGFORD: If the well develops into a producing
13 well, then where will the structure be?

14 MR. HORTIG: Under the rules and regulations there
15 can be no structure. The well can be completed under the
16 rules and regulations on the ocean floor with the production
17 piped on the ocean floor, so there is nothing projecting
18 out of the water.

19 MR. MUGFORD: I see.

20 MR. POWERS: O. K.

21 MR. KIRKWOOD: What was the reason that they ran
22 into trouble, then, on that first area that was put out to
23 lease? As I understood it, with the slant drilling they
24 couldn't get the on-shore deal or the other

25 MR. HORTIG: That is primarily a mechanical problem
26 and with the complex geology if they could get immediately

1 over the area, they could possibly drill a producing well,
2 but they can't occupy the surface of the area with a
3 permanent structure.

4 MR. KIRKWOOD: Is this that area?

5 MR. HORTIG: No sir. This is an adjoining area
6 farther up the coast. This is ⁱⁿthe series of four leases
7 issued a month ago by the State Lands Commission.

8 MR. KIRKWOOD: Will it affect the other area?

9 MR. HORTIG: It will in nowise affect that area.
10 There is no proposal here that there be a permanent plat-
11 form within a mile. The other difficulty, the only
12 apparent solution up to now is apparently that we have a
13 permanent platform on the area and this is precluded by
14 the lease.

15 In this instance, there will only be a temporary
16 occupancy with this mobile equipment. If it becomes
17 mechanically feasible to make an ocean completion from a
18 temporary barge, then the same mechanism could possibly
19 be applied to the area you have in mind, again without
20 either violating the lease, the rules and regulations, or
21 the requirements of the County of Santa Barbara.

22 MR. KIRKWOOD: Santa Barbara is aware of this and
23 has no objection to it?

24 MR. HORTIG: Of this particular operation they
25 haven't been informed specifically but we certainly can
26 inform them. There didn't appear to be any problem in

1 view of the fact that there are no proposals to deviate
2 from the rules and regulations or the lease terms. The
3 unique feature of this comes solely from the combination
4 of operations which it is proposed to undertake. Core
5 holes have been drilled from this same drilling equipment
6 which it is proposed to be used here within a mile of the
7 shore in Santa Barbara County without objection heretofore.
8 The problem here is simply if it becomes mechanically
9 feasible in the future to complete such a hole on the
10 ocean floor as a producer without having to abandon it
11 completely without violating the rules, then it would be
12 proposed to take advantage of those particular circumstances
13 on this particular operation. The reason for the barge
14 less than a mile from shore is the fact that the water
15 farther out to sea, where a hole might be desired to be
16 drilled, is too deep for the capabilities of any drilling
17 barge we have on the Pacific Coast at the present time, so
18 we have to come closer to shore and drill out to sea from
19 the barge.

20 VOICE (Unidentified): The actual penetration would
21 be out at sea?

22 MR. HORTIG: It could be.

23 MR. KIRKWOOD: Do you think this was fully under-
24 stood in Santa Barbara at the time -- that we are not going
25 to run into a situation down there?

26 MR. HORTIG: I don't believe we are. Certainly we

1 could not state that it was fully understood by Santa
2 Barbara in this particular combination of circumstances.
3 We haven't tried this before.

4 MR. KIRKWOOD: Potentially, it could mean having a
5 barge sitting out there darn near permanently.

6 MR. HORTIG: For the duration of drilling one hole
7 for which permission is given now.

8 MR. KIRKWOOD: Then they could move it over and ...

9 MR. HORTIG: There again there is another approval
10 required. There again the Commission is going to take
11 another look at the situation. If there was a program be-
12 fore us of that type, for a continuous operation, it would
13 not be recommended. This instance is for the drilling of
14 one hole and there have been operations of this type, of
15 one hole drilled within one mile with the identical equipment,
16 without objection by the county. Those wells were never
17 completed as producing wells on the ocean floor; and,
18 incidentally, I do not believe it is the intention -- I
19 know it is not the intention of the staff and I don't be-
20 lieve it is the intention of the applicant, to state that
21 if the permission is given, they will complete the operation
22 on the ocean floor; but if it is mechanically feasible and
23 if it should be of the type to warrant the completion of a
24 producing well, then there would be opportunity to do it
25 at that time.

26 MR. MUGFORD: It is hard to understand why they should

1 go to all the expense of this exploration without knowing
2 whether they can get the well into production.

3 MR. HORTIG: This, of course, is the situation
4 with every wildcat lease. The first well they drill they
5 hope on and they certainly have the investment in it.

6 If I might suggest, Mr. Chairman, representatives
7 of Standard of California as the operator are here this
8 morning if you would care to query them as to the specific
9 factors.

10 MR. KIRKWOOD: What is the .. So far as the safety
11 measures and so on are concerned, there is no problem here
12 on drilling from a floating platform that would be differ-
13 ent from any other? I mean, no greater hazard?

14 MR. HORTIG: No sir. For one reason I think we have
15 to make this distinction. This floating platform is not
16 a floating platform when it is drilling the well. It is
17 floated into location and then, actually, piling go down and
18 the platform actually climbs on the piling right up out of
19 the water and sits forty feet out of the water up in the
20 air; and it is, for all practical intents and purposes, at
21 that time fully as stable as a fixed platform which might
22 be installed. It is just readily placeable and readily
23 removable, but it is mechanically solid during the time
24 it is in operation.

25 MR. KIRKWOOD: (To Mr. Home) Any ground work been
26 laid down there with Santa Barbara as far as their knowing

1 it is going on?

2 MR. HOME: We have done precisely the same thing
3 before in our Summerland lease.

4 MR. KIRKWOOD: But there you were a mile off.

5 MR. HOME: I can't answer that.

6 MR. HORTIG: One of the early core holes was
7 closer than a mile.

8 MR. HOME: I believe we were within a mile but I
9 can't answer that.

10 MR. KIRKWOOD: The only difference here is that
11 you would accomplish a proven well.

12 MR. HOME: That is right. If we can do it, we
13 would complete production on the ocean floor providing it
14 is feasible.

15 MR. KIRKWOOD: But you would conduct tests.

16 MR. HOME: Yes, we would, while the mobile platform
17 is in place, to determine whether or not the well could
18 be productive.

19 MR. HORTIG: Let me interrupt for a moment. Other
20 operators have conducted other operations on mobile plat-
21 forms on other leases within Santa Barbara County, haven't
22 they? (Speaking to Mr. Cook)

23 MR. COOK: You are thinking of 308 and 309? I think
24 they are all more than a mile out.

25 MR. HORTIG: Well, they are all immediately offshore
26 from the University of California.

1 MR. KIRKWOOD: The safety and pollution problem
2 would not be a problem?

3 MR. HORTIG: That is right and we have had no
4 safety or pollution difficulty.

5 MR. MUGFORD: Any further questions? What is the
6 wish of the Commission?

7 MR. KIRKWOOD: Move the recommendation.

8 MR. POWERS: I'll second that.

9 MR. MUGFORD: The recommendation is unanimously
10 approved.

11 MR. HORTIG: Page 36, gentlemen. Pursuant to a
12 purchase application, a field appraisal of Section 16 in
13 Kern County has shown existence of a spring representing
14 the principal portion of the value of the land and unauth-
15 orized diversion of water from this spring from adjoining
16 property. The diverted water is conveyed over the State
17 land by an unauthorized pipeline. The diverter has
18 applied to the State Water Rights Board for authority
19 to appropriate the water from the spring. The State Lands
20 Division has objected to this appropriation because appro-
21 priation would devalue the State land to the detriment
22 of the State Land Trust. The office of the Attorney General
23 has recommended, for the protection of the State land, that
24 an action be brought to eject the diverter of the water
25 and enjoin his further activities on the land. Therefore,
26 it is recommended that the Commission authorize the Executive

1 Officer to inform the Attorney General of the authorization
2 for filing a complaint for ejectment and to enjoin trespass
3 by Homer A. Hansen, et al on Section 16, Township 32 South,
4 Range 35 East, MD.B.&M. Kern County.

5 MR. KIRKWOOD: I don't see we have any alternative.

6 MR. HORTIG: I don't believe we do.

7 MR. MUGFORD: Apparently not.

8 MR. HORTIG: Again a unique situation because we
9 have so few springs on our desert lands.

10 MR. KIRKWOOD: In other words, if we are going to
11 realize anything on the water we have to do that.

12 MR. HORTIG: If we are going to realize anything on
13 the land we have to retain the spring.

14 MR. POWERS: That's all right.

15 MR. MUGFORD: Recommendation approved.

16 MR. HORTIG: Page 20, gentlemen. A letter dated
17 August 13, 1958 has been received from Mr. Raymond R. Kahl,
18 who is present today representing the Trail Ends Development
19 Company, briefing land exchange application contentions
20 originally contained in a letter of August 29, 1957 and
21 certain other recitations from a written presentation
22 relative to procedures which was made by Mr. Kahl to the
23 Commission at its meeting of September 13, 1957. Mr. Kahl
24 has requested the opportunity to again discuss with the Com-
25 mission the previous submittals and those contained in his
26 letter of August 13, 1958 relative to his contentions that

1 the Commission should accept and process a land exchange
2 application at variance with the established policies of
3 and the rules and regulations of the Commission.

4 Presentation by Mr. Kahl on September 13, 1957
5 was referred to the office of the Attorney General for
6 review. The conclusion from this review was, and I quote:
7 "For failure to follow the prescribed rules and regulations
8 of the State Lands Commission, it is our opinion that no
9 valid exchange application from Mr. Kahl is now pending
10 before the State Lands Commission."

11 Mr. Kahl has requested that the Commission re-refer
12 his statement and briefs to the office of the Attorney
13 General for reconsideration on the contention that the
14 staff of the State Lands Division and the office of the
15 Attorney General did not understand the presentation of
16 September 13, 1957.

17 It is recommended that the Commission authorize the
18 Executive Officer to refer to the office of the Attorney
19 General for final review written presentations by Mr. R. R.
20 Kahl relating to a purported land application on behalf of
21 the Trail Ends Development Company. The review is to report
22 specifically as to any bases for further consideration by
23 the Commission of the purported application.

24 MR. MUGFORD: Any questions?

25 MR. HORTIG: Mr. Kahl is here.

26 MR. MUGFORD: Does Mr. Kahl want

1 MR. KIRKWOOD: Is there any need to supplement
2 what you have got in writing, Ray?

3 MR. KAHL: No. The only thing, the attorneys for
4 the Trail Ends Development Company want to submit a brief
5 on the matter. At the time, you will remember, Mr. Kirkwood,
6 I was citing law to you but I am not familiar with it.
7 At that time the Attorney General did not, in his opinion,
8 cover the points of law that the Commission wanted to know
9 about a year ago. All we want to do -- Trail Ends Corporation
10 wants their day in court. They are willing to stand on
11 and submit their brief to the office of the Attorney General
12 and are willing to abide by

13 MR. KIRKWOOD: Is this your letter of September 13th,
14 or is this a brief to be subsequently submitted?

15 MR. KAHL: No, they will submit the brief afterwards.
16 They have part of it ready.

17 MR. KIRKWOOD: So what this recommendation is, is
18 that upon receipt of the brief that then you will submit it
19 and the other written material which Mr. Kahl has heretofore
20 furnished to the Attorney General for the purpose set out
21 here.

22 MR. HORTIG: That would be a correct modification,
23 to comply with the timing as it now exists.

24 MR. KIRKWOOD: I so move.

25 MR. POWERS: I think that's the answer. I'll
26 second it.

1 MR. MUGFORD: The recommendation, then, is unani-
2 mously approved. You will give us information as to the
3 next meeting ...

4 MR. HORTIG: We will inquire of you gentlemen, as
5 soon as we know the results of staff review on Parcel "B".

6 MR. MUGFORD: Any further business for this meeting?
7 (No response) Then if not, the meeting is adjourned until
8 the next meeting at the call of the Chair, after consulta-
9 tion with the members.

10
11 ADJOURNED 10:45 A.M.

12 *****
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CERTIFICATE OF REPORTER

I, LOUISE H. LILLICO, reporter for the Division of Administrative Procedure, hereby certify that the foregoing twenty-two pages contain a full, true and correct transcript of the shorthand notes taken by me at the meeting of the STATE LANDS COMMISSION at Sacramento, California, on September 2, 1958.

Dated: Sacramento, September 7, 1958.

Louise H. Lillico